Punjab Government Gazette

EXTRAORDINARY

Published by Authority

CHANDIGARH, THURSDAY, AUGUST 21, 2025 (SRAVANA 30, 1947 SAKA)

PUNJAB STATE ELECTRICTY REGULATORY COMMISSION

NOTIFICATION

The 20th August, 2025

No. PSERC/Secy/Regu197.- In exercise of the power conferred on it by section 181 (2) read with section 61 and 62 of the Electricity Act 2003 (36 of 2003) and all other powers enabling the Commission in this behalf, the Punjab State Electricity Regulatory Commission hereby makes the following Regulations, laying down Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff.

PART I - SCOPE, EXTENT AND DEFINITIONS

1. SHORT TITLE, COMMENCEMENT AND EXTENT

1.1. These Regulations may be called the "Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2025" (PSERC 4th MYT Regulations 2025).

1.2. These Regulations shall come into force from 1st April, 2026 and shall unless otherwise directed by the Commission, remain in force upto 31st March, 2029 being duration of the 4th Control Period.

1.3. These Regulations shall extend to the whole State of Punjab.

2. SCOPE OF APPLICATION

These Regulations shall apply where the Commission determines:

(a) Tariff for supply of electricity from a generating plant (excluding Renewable Energy Sources) owned by the Distribution Licensee, under section 62 & 64 of the Act;

(b) Tariff for supply of electricity by a Generating Company (excluding Renewable Energy Sources) to a Distribution Licensee, under section 62 & 64 of the Act;

(c) Tariff for intra-state transmission of electricity by a Transmission Licensee to an open access customer (including Distribution Licensee), under section 62 & 64 of the Act;

(d) State Load Despatch Centre (SLDC) fees and charges under section 32(3) of the Act;

(e) Tariff for wheeling and retail supply of electricity by a Distribution Licensee, under section 62 & 64 of the Act;

(f) Surcharge in addition to the charges for wheeling under the first proviso to sub-section (2) of Section 42 of the Act, in accordance with the Open Access Regulations.

3. DEFINITIONS AND INTERPRETATION

3.1. **"Act"** means the Electricity Act, 2003 (36 of 2003) as amended or modified from time to time;

3.2. **"Additional Capitalization"** means the capital expenditure incurred or projected to be incurred, after the date of commercial operation of the project and admitted by the Commission after prudence check, subject to provisions of Regulation 18;

3.3. **"Allocation Statement"** means for each year, a statement in respect of each of the businesses (Generation, Transmission, Load Dispatch, Distribution comprising Wheeling and Retail Supply, Other Business) of the licensee, showing the amounts of any revenue, cost, asset, liability, reserve or provision etc., which has been either

(a) Determined by apportionment or allocation between different businesses of the licensee, together with a description of the basis of the apportionment or allocation; or

(b) Charged from or to each such Other Business together with a description of the basis of that charge;

Provided that 'Allocation Statement' shall not be construed as a substitute for maintaining separate accounting statement for the licensed business and other businesses of the Licensees.

3.4. **"ARR"** in these Regulations means Aggregate Revenue Requirement of the Petitioner;

3.5. **"Auditor"** means an auditor appointed by a Generating Company or a licensee or the State Load Dispatch Centre in accordance with the provisions of sections 139 & 148 of the Companies Act, 2013 (18 of 2013), or any other law for the time being in force;

3.6. **"Auxiliary Energy Consumption"** or **"AUX"** in relation to a generating plant means the quantum of energy consumed by auxiliary equipment of the generating plant and transformer losses within the generating plant, and shall be expressed as a percentage of the sum of gross energy generated at the generator terminals of all the units of the generating plant; and in relation to a transmission system means quantum of energy consumed in the AC sub-station or HVDC sub-station for the purpose of air-conditioning, lighting, etc.;

Provided that auxiliary energy consumption shall not include energy consumed for supply of power to housing colony and other facilities at the generating station and the power consumed for construction works at the generating station;

Provided further that auxiliary consumption for compliance with revised emission standards, if any, shall be considered separately in line with the provisions of CERC (Terms & Conditions of Tariff) Regulations, 2024.

3.7. **"Availability or Availability Factor"** in relation to the transmission system for a given period means the time in hours during which the transmission system is capable of transmitting electricity at its rated voltage and shall be expressed in percentage of total hours in the given period and calculated as per formula specified by CERC from time to time;

3.8. **"Average Cost of Supply"** means ratio of the Aggregate Revenue Requirement of the Distribution Licensee for the year including unrecovered revenue gaps of previous years along with carrying cost to the extent proposed to be recovered through retail tariffs, to the total sales of the Distribution Licensee for the respective year;

3.9. **"Base Year"** means the year immediately preceding the first year of the Control Period.

3.10. **"Beneficiary"** in relation to a

(a) Transmission Licensee means the person who has availed the transmission system on payment of transmission charges. This includes a Distribution Licensee, a Transmission Licensee, a person who has set up a captive generating plant or a Generating Company including merchant power plant or a consumer availing open access, utilising the transmission system of a Transmission Licensee. Medium term and short term open access customers shall not be treated as beneficiaries;

(b) Generating plant means the person purchasing electricity generated at such a generating plant whose tariff is determined under these Regulations;

3.11. **"Block"** in relation to a combined cycle thermal generating plant includes combustion turbine – generator, associated waste heat recovery boiler(s), connected steam turbine – generator and auxiliaries;

3.12. **"Captive generating plant"** means a power plant set up by any person to generate electricity primarily for his own use and includes a power plant set up by any co-operative society or association of persons for generating electricity primarily for use of members of such cooperative society or association and fulfils the criteria as laid down in Rule 3 of the Electricity Rules, 2005;

3.13. **"CERC"** means the Central Electricity Regulatory Commission;

3.14. **"Change in Law"** means occurrence of any of the following events:

(a) enactment, bringing into effect or promulgation of any new Indian law; or

(b) adoption, amendment, modification, repeal or re-enactment of any existing Indian law; or

(c) change in interpretation or petition of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation or petition; or

(d) change by any competent statutory authority in any condition or covenant of any consent or clearances or approval or license available or obtained for the project; or

(e) coming into force or change in any bilateral or multilateral agreement or treaty between the Government of India and any other Sovereign Government having implication for the generating station or the transmission system regulated under these Regulations.

Provided that financial implication of change in law in relation to a PPA shall be as provided in the PPA

3.15. **"Commission/PSERC"** means the Punjab State Electricity Regulatory Commission;

3.16. **"Conduct of Business Regulations"** means Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005, as amended from time to time;

3.17. **"Control Period"** means the period of three (3) Years from April 1st, 2026 to March 31st, 2029 which is the fourth Control Period;

3.18. **"Cut-off Date"** means 31st March of the year closing after two years of the year of commercial operation of the project, and in case the project is declared under commercial operation in the last quarter of a year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation except in case of integrated mine(s);

3.19. **'Date of Operation' or 'ODe'** in respect of an emission control system means the date of putting the emission control system into use after meeting all applicable technical and environmental standards, certified through the Management Certificate duly signed by an authorised person, not below the level of Director of the generating company;

3.20. **"De-capitalisation"** means the reduction in Gross Fixed Assets of the project corresponding to the inter-unit transfer of assets or removal of assets as approved by the Commission;

3.21. **"Declared Capacity"** in relation to a generating plant means the capability to deliver ex-bus electricity in MW declared by such generating plant in relation to any period of the day or whole of the day, duly taking into account the availability of fuel or water, and subject to further qualification in the relevant Regulation;

3.22. **"Design Energy"** means the quantum of energy which can be generated in a 90% dependable year with 95% installed capacity of the hydro generating plant;

3.23. **"Deviation"** in a time-block for a seller means its total actual injection minus its total scheduled generation and for a buyer means its total actual drawal minus its total scheduled drawal;

3.24. **"Distribution Business"** means the business of operating and maintaining a distribution system for supplying electricity in the area of the supply of the Distribution Licensee;

3.25. **"Distribution Licensee"** means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;

3.26. **"Effective Date"** means April 1st, 2026 for enforcement of these Regulations;

3.27. "**Electrical Plant"** means any plant, equipment, apparatus or appliance or any part thereof used for, or connected with, the generation, transmission, distribution or supply of electricity but does not include-

(a) an electric line; or

(b) a meter used for ascertaining the quantity of electricity supplied to any premises; or

(c) an electrical equipment, apparatus or appliance under the control of a consumer;

3.28. **"Electricity Supply Code and Related Matters Regulations"** means the Punjab State Electricity Regulatory Commission (Electricity Supply Code and Related Matters) Regulations, 2024, as amended from time to time;

3.29. **'Emission control system'** means a set of equipment or devices required to be installed in a coal or lignite based thermal generating station or unit thereof to meet the revised emission standards;

3.30. **Escrow account'** means the account for deposit and withdrawal of mine closure expenses of integrated mine(s), maintained in accordance with the guidelines issued by the Coal Controller, Ministry of Coal, Government of India;

3.31. **"Existing Distribution System"** means the distribution system declared under commercial operation from a date prior to the effective date;

3.32. **"Existing Generating Plant"** means a generating plant declared under commercial operation from a date prior to the effective date;

3.33. **"Existing Transmission System"** means the transmission system declared under commercial operation from a date prior to the effective date;

3.34. **"Force Majeure Event"** means, with respect to any party, any event or circumstance which is not within the reasonable control of, or is not due to an act or omission or commission of, that party and which, by the exercise of reasonable care and diligence, that party is not able to prevent, including, without limiting the generality of the foregoing:

(a) acts of God, including but not limited to lightning, storm, earthquakes, floods, drought and other natural disasters;

(b) strikes, lockouts;

(c) acts of public enemy, wars (declared or undeclared), blockades, insurrections, riots, revolution, sabotage, vandalism and civil disturbance;

(d) unavoidable accident, including but not limited to fire, explosion, radioactive contamination and toxic dangerous chemical contamination;

(e) any shutdown or interruption of the Grid, which is required or directed by the State or Central Government or by the Commission or the State/Regional Load Despatch Centre;

(f) any shut down or interruption, which is required to avoid serious and immediate risks of a significant plant or equipment failure;

and

(g) change in law events;

3.35. **"Generation Business"** means the business of production of electricity from a generating station;

3.36. **"Generating Company"** means, any company involved in generation business in the State and/or any company whose tariff is determined by the Commission;

3.37. **"Generation Tariff"** means the schedule of charges for generation of electricity including the terms and conditions applicable thereof;

3.38. **"Gross Calorific Value"** or "**GCV"** in relation to a thermal power generating plant means the heat produced in kCal by complete combustion of one kilogram of solid fuel or one litre of liquid fuel or one standard cubic meter of gaseous fuel, as the case may be;

3.39. **"Infirm Power"** means electricity injected into the grid prior to commercial operation of a unit or block of the generating plant;

3.40. **"Installed Capacity"** or **"IC"** means the summation of the name plate capacities of all the units of the generating plant or the capacity of the generating plant (reckoned at the generator terminals) approved by the Commission from time to time;

3.41. **"Integrated Mine"** means the captive mine (allocated for use in one or more identified generating stations) or basket mine (allocated to a generating company for use in any of its generating stations) or both being developed by the generating company or its affiliate for supply of coal or lignite to one or more specified end use generating stations for generation and sale of electricity to the beneficiaries;

Explanation: Affiliate shall mean a company that is directly controlled and owned by a generating company having at least twenty six percent (26%) of the voting rights of the entity

3.42. **"Inter-State Transmission System"** shall have the same meaning as assigned in the Punjab State Electricity Regulatory Commission (Grid Code) Regulations, 2013, as amended from time to time;

3.43. **"Intra-State Transmission System**" means any system for transmission of electricity other than an inter-State transmission system;

3.44. **"Licensee"** means a person who has been granted a licence under section 14 of the Act and includes a person deemed to be a licensee under section 14 of the Act;

3.45. **"Licensed Business"** means the functions and activities, which the licensee is required to undertake in terms of the licence granted by the Commission or as a deemed licensee under the Act;

3.46. **"Long-term Open Access Customer"** means a person defined as long term open access customer in the Open Access Regulations;

3.47. **"Maximum Continuous Rating"** or **"MCR"** in relation to a unit of the thermal power generating plant means the maximum continuous output at the generator terminals, guaranteed by the manufacturer at rated parameters, and in relation to a unit or block of a combined cycle thermal power generating plant means the maximum continuous output at the generator terminals, guaranteed by the manufacturer with water/steam injection (if applicable) and corrected to 50 Hertz (Hz) grid frequency and specified site conditions;

3.48. **"MCLR"** means One Year Marginal Cost of Funds based Lending Rate;

3.49. **"Medium-term Open Access Customer"** means a person defined as medium-term open access customer in the Open Access Regulations;

3.50. **"New Distribution System"** means a distribution system declared under commercial operation on or after the effective date;

3.51. **"New Generating Plant"** means a Generating Plant declared under commercial operation on or after the effective date;

3.52. **"New Transmission System"** means a transmission system declared under commercial operation on or after the effective date;

3.53. **"Non-Tariff Income"** means income relating to the regulated business other than income from tariff, excluding any income from Other Business and, in case of the Retail Supply Business of a Distribution Licensee, including receipts on account of cross-subsidy surcharge and additional surcharge on charges of wheeling;

3.54. **"Open Access Regulations"** means the Punjab State Electricity Regulatory Commission (Terms and Conditions for Intra-state Open Access) Regulations, 2011, as amended from time to time**;**

3.55. **"Operation and Maintenance Expenses" or "O&M Expenses"** means the expenditure incurred on operation and maintenance of the generating plant or the transmission system or the distribution system, as the case may be, including part thereof, and includes the following expenditure:

(a) Repair and Maintenance (R & M) Expenses;

(b) Administration and General (A & G) Expenses;

(c) Employee Cost (EC);

Provided that for integrated mine(s), the Operation & Maintenance Expenses shall not include the mining charge paid to the Mine Developer and Operator, if any, engaged by the generating company and the mine closure expenses.

3.56. **"Petitioner"** means person who has made a petition for determination of tariff for generation business or transmission business or distribution business comprising wheeling business and/or retail supply business or recovery of charges for Load Dispatch or a petition for True-up or a petition for Capital Investment Plan and/or Business Plan in accordance with these Regulations and the Act;

3.57. **"Plant Availability Factor" or "PAF"** in relation to a generating plant for any period means the average of the daily declared capacities (DCs) for all the days during that period expressed as a percentage of the installed capacity in MW less the normative auxiliary energy consumption;

3.58. **"Plant Load Factor" or** "**PLF"** for a given period means the total sent out energy corresponding to scheduled generation during the period, expressed as a percentage of sent out energy corresponding to installed capacity of the generating plant in that period and shall be computed in accordance with the following formula:

$$\text{PLF (\%)} = \frac{10000 \times \sum G_i}{N \times IC \times (100 - AUX_n)}$$

Where:

IC = Installed Capacity of the generating plant in MW;

G_i = means average actual ex-bus generation for the i^{th} time block of the period in MW in respect of plants not covered under ABT;
For plants covered under ABT, it means average scheduled ex-bus generation for the i^{th} time block of the period in MW;

N = Number of time blocks during the period;

AUX_n = Normative Auxiliary Energy Consumption as a percentage of gross generation;

$\sum$ = Summation from i = 1 to N;

3.59. **"Project"**

(a) In case of a thermal generating station, all components of the thermal generating station and includes coal handling plant, biomass pellet handling system, pollution control system, effluent treatment plan, as may be required;

(b) In case of a hydro generating station, all components of the hydro generating station and includes dam, intake water conductor system, power generating station, as apportioned to power generation;

(c) In relation to the transmission business means a transmission system comprising specified transmission lines, sub-stations and associated equipment including communication system;

(d) In relation to State Load Despatch Centre means any project associated with integrated operation of power system in the State; and

(e) In relation to distribution business means a distribution system comprising specified distribution lines, sub-stations and associated equipment;

3.60. **"Rated Voltage"** means the manufacturer's design voltage at which the transmission/distribution system is designed to operate and includes such lower voltage at which the line is charged or for the time being charged in consultation with the supplier and the receiver of electricity;

3.61. **"Retail Supply Business"** means the business of sale of electricity by a Distribution Licensee to the various categories of consumers within the area of supply in accordance with the terms of the licence for distribution and retail supply of electricity;

3.62. **"Retail Supply Tariff"** means the schedule of charges for retail supply business including the terms and conditions applicable thereto;

3.63. **"Scheduled Generation"** at any time or for any given period or time block means the ex-bus quantum of energy scheduled in MW by the State Load Despatch Centre to be injected into the grid by a generating plant;

3.64. **"Short-term Open Access Customer"** means a person defined as short-term open access customer in the Open Access Regulations;

3.65. **"State"** means State of Punjab;

3.66. **"Station Heat Rate"** means the heat energy input in kCal required to generate one kWh of electrical energy at generator terminals of a thermal generating plant;

3.67. **"State Load Despatch Centre" or "SLDC"** means the centre established under sub-section (1) of section 31 of the Act;

3.68. **"State Transmission Utility"** or **"STU"** means the Board or the Government company specified as such by the State Government under sub-section (1) of Section 39 of the Act;

3.69. **"Terminal Liabilities"** means terminal benefits such as Death-cum-Retirement Gratuity, Ex-Gratia, Pension including Family Pension, Commuted Pension, Leave Encashment, LTC, Dearness relief, Interim relief, Medical reimbursement including fixed medical allowance in respect of pensioners;

3.70. **"Transmission Licensee"** means a person granted a license for intra-state transmission of electricity in the State and includes any person deemed to be a Transmission Licensee for intra-state transmission of electricity (including dedicated transmission lines though operating in two States but primarily for the conveyance of power with reference to the State);

3.71. **"Unit"** in relation to a thermal power generating plant means steam generator, turbine-generator and its auxiliaries, or in relation to a combined cycle thermal power generating plant, means turbine-generator and its auxiliaries; and in relation to a hydro generating station means turbine-generator and its auxiliaries;

3.72. **"Wheeling"** means the operation whereby the distribution system and associated facilities of a Transmission Licensee or Distribution Licensee, as the case may be, are used by another person for the conveyance of electricity on payment of charges to be determined under section 62 of the Act;

3.73. **"Wheeling Business"** means the business of operating and maintaining a distribution system for conveyance of electricity in the area of supply of a Distribution Licensee;

3.74. **"Wheeling Charges"** means the schedule of charges for wheeling business including the terms and conditions applicable thereto;

3.75. **"Year"** means the financial year ending on 31stMarch**;**

(a) **"Current Year"** means a year in which the petition for aggregate revenue requirement or determination of tariff is to be filed;

(b) **"Ensuing Year"** means the year immediately following the current year; and

(c) **"Previous Year"** means the year immediately preceding the current year.

Save as aforesaid and unless repugnant to the context or the subject-matter otherwise required, words and expressions used in these Regulations and not defined, but defined in the Act, or the Central Commission's Regulations or any other Regulation of this Commission shall have the meaning assigned to them respectively in the Act or the Central Commission's Regulations or any other Regulations of this Commission. Expressions used herein but not specifically defined in the Regulations or in the Acts or any law passed by a competent legislature shall have the meaning as is generally assigned in the electricity industry.

PART II - FRAMEWORK AND GUIDING PRINCIPLES

4. GENERAL

4.1. The Commission in specifying these Regulations is also guided by the principles contained in the National Electricity Policy and the Tariff Policy notified by the Central Government under Section 3 of the Act.

4.2. The norms specified under these Regulations are the ceiling norms and this shall not preclude the generating company and/or licensee or any other person, as the case may be, from agreeing to improved norms of operation. In case the improved norms are agreed to, such norms shall be applicable for determination of tariff.

4.3. The Distribution Licensee also carrying out the generation business shall prepare separate Annual Accounts for each of its businesses, namely, for generation (for each of the generating plant), wheeling and retail supply, as the case may be:

Provided that till such time as separate annual accounts are available, allocation statement as provided in these Regulations 5, 6 and 7 shall be applicable.

4.4. The implementation of Multi-Year Tariff framework shall be based on the following:

(a) Business Plan including Capital Investment Plan shall be submitted by the Petitioner for its generation, transmission, SLDC and/or distribution business, as the case may be, in accordance with Regulation 9;

(b) Forecast for each year of the Control Period, based on reasonable assumptions, of various financial and operational parameters of ARR to be filed by the Petitioner for its generation, transmission, SLDC and/or distribution business, as the case may be, in accordance with Regulation 56;

(c) Trajectory for specific variables may be stipulated by the Commission, where the performance of the Petitioner is sought to be improved, subject to provisions of Regulation 29;

(d) Mechanism for sharing approved gains or losses on account of controllable and uncontrollable items in accordance with Regulation 29.

4.5. The Commission shall specify ARR for each year of the Control Period and tariff for the first year of the Control Period for each business separately. However, the Commission may specify indicative tariff for the remaining years of the Control Period in the MYT order.

4.6. The tariff applicable to each business in each such year will be determined taking into consideration the following:

(a) Specified Performance Targets;

(b) True Up of Uncontrollable Items.

4.7. Losses on account of controllable items or normative parameters will not be passed on to the consumers except where the Commission otherwise considers appropriate to allow such variations on justification to be provided by the petitioner or for reasons provided in Regulation 8:

Provided that the performance parameters, whose trajectories have been specified in these Regulations or as approved by the Commission in the Business Plan or the Multi Year Tariff Order, shall form the basis for projection of these performance parameters in the Aggregate Revenue Requirement for the entire Control Period.

5. SEGREGATION OF ARR OF GENERATION AND DISTRIBUTION BUSINESSES

5.1. The Distribution Licensee also carrying out the generation business shall segregate the accounts of the Company into generation business (separate for each of the generating plant) and distribution business. The Distribution Licensee, based on segregated accounts, shall submit separate ARRs for

generation and distribution businesses. The ARR for generation shall be used to determine generation tariff and the ARR for distribution business to determine wheeling charges and retail tariffs.

5.2. Until accounts are segregated, Distribution Licensee shall prepare an Allocation Statement to apportion costs and revenues to respective businesses.

5.3. The Allocation Statement shall be considered by the Commission only if it is certified by the Statutory Auditor/Cost Auditor and approved by the Board of Directors of the Distribution Licensee, and it shall be accompanied with an explanation of the methodology which shall be consistent over the Control Period.

6. SEGREGATION OF ARR OF WHEELING AND RETAIL SUPPLY BUSINESS

6.1. The Distribution Licensee shall segregate the accounts of the distribution business into wheeling business and retail supply business. The ARR for wheeling business shall be used to determine Wheeling Charges and the ARR for retail supply business to determine Retail Supply Tariffs.

6.2. Until accounts are segregated, the Allocation Statement shall be applicable as per Annexure "A". However, the Distribution Licensee could revise it based on actual data and prepare an Allocation Statement to apportion costs and revenues to respective businesses.

6.3. The Allocation Statement, certified by the Statutory Auditor/Cost Auditor and approved by the Board of Directors of the Distribution Licensee, shall be accompanied with an explanation of the methodology which shall be consistent over the Control Period.

7. SEGREGATION OF ARR OF SLDC AND TRANSMISSION BUSINESS

7.1. The STU shall have separate accounts for SLDC and transmission business. The STU, based on segregated accounts, shall submit separate ARR for SLDC and transmission businesses. The ARR for SLDC shall be used to determine SLDC Charges and the ARR for transmission business shall be used to determine transmission charges.

7.2. Until accounts are segregated, STU shall prepare an Allocation Statement to apportion costs and revenues to respective businesses.

7.3. The Allocation Statement shall be considered by the Commission only if it is certified by the Statutory Auditor/Cost Auditor and approved by the Board of Directors of the STU, and it shall be accompanied with an explanation of the methodology which shall be consistent over the Control Period.

8. MYT APPROACH

8.1. **Baseline Values**

(a) The baseline values for the Control Period shall be determined by the Commission and the projections for the Control Period shall be based on these figures;

(b) The baseline values shall be inter-alia based on figures approved by the Commission in the past, last three years' Audited/Provisional Accounts, estimate of the expected figures for the relevant year, industry benchmarks/norms and other factors considered appropriate by the Commission:

Provided further that the Commission may change the values for Base Year and consequently the trajectory of parameters for the Control Period, considering the actual figures from audited accounts.

8.2. **Controllable, Normative and Uncontrollable items of ARR**

(a) For the purpose of this Regulation, the items of ARR shall be identified as 'controllable', 'normative' and 'uncontrollable'. The variation on account of uncontrollable items shall be treated as a pass through subject to validation and approval by the Commission;

(b) In case of a Force Majeure event, variations in controllable and normative items shall be allowed to pass-through subject to validation and approval by the Commission;

(c) The carrying cost for such variations shall also be permitted and the applicable interest rate shall be in accordance with Regulation 24.1;

(d) The items in the ARR shall be treated as 'controllable', 'normative' and 'uncontrollable' as under:

ARR Element	**'Controllable'/ 'Normative'/'Uncontrollable'**
Rate of Interest on Long Term Loans	Uncontrollable
Quantum of Long-Term Loans	Controllable
Return on Equity	Normative
Depreciation	Controllable
Tax Rate	Uncontrollable
Working Capital Requirement	Normative
Rate of Interest on Working Capital and Carrying Cost	Uncontrollable
O&M Expenses i.e Employee cost (excluding terminal liabilities that is part of employee cost, and exceptional changes in pay scale of employees on account of pay revision etc.) Repair and Maintenance costs (excluding expenses made on account of extraordinary situation etc. Administrative and General costs (excluding expenses made on account of extraordinary situation etc.)	Normative*
Availability	Normative
Plant Load Factor	Normative
Heat Rate	Normative
Auxiliary Consumption	Normative
Secondary Fuel Oil Consumption (SFC)	Normative
Transit Loss of Coal	Normative
Fuel Price	Uncontrollable
GCV of Fuel	Uncontrollable
Distribution Loss	Controllable
Transmission Loss	Controllable

ARR Element	**'Controllable'/ 'Normative'/'Uncontrollable'**
Energy Sales	Uncontrollable *(Since this is dependent on the load growth in the State across various consumer categories)*
Power Purchase (Long-term power purchase/ Medium-term / Short-term quantum)	Uncontrollable
Power Purchase Price	Uncontrollable
Non-Tariff income	Uncontrollable

**Employee cost, A&G costs and R&M costs are considered normative as per the formula specified in Regulation 25 individually. The changes on account of Inflation Index and/or statutory levies shall be adjusted during the True-up. However, if the actual expenditure is less than normative, than the allowable expenditure shall be limited to actual expenditure incurred by the petitioner.*

8.3. **Norms**

Norms shall be set by the Commission for the items as mentioned in these Regulations. Besides, trajectory for specific variables may be stipulated by the Commission where the performance of the petitioner is sought to be improved subject to provisions of Regulation 29.

8.4. **Forecast of expected Revenue from Tariff**

The petitioner shall develop the forecast of expected revenue from tariff and charges separately for each business. The petitioner shall provide full details supporting the forecast, including but not limited to details of past performance, proposed initiatives for achieving efficiency or productivity gains, technical studies/or secondary research and contractual arrangements, to enable the Commission to assess the reasonableness of the forecast.

9. BUSINESS PLAN INCLUDING CAPITAL INVESTMENT PLAN

9.1 The Petitioner shall file the Business Plan including the Capital Investment plan for its Generation, Transmission, SLDC and/or Distribution businesses, as the case may be for approval of the Commission on or before 05th September of the year preceding the first year of the Control Period for a duration covering the entire Control Period.

9.2 The Distribution Licensee carrying out the Generation Business shall file separate Business Plans for its Generation and Distribution businesses.

9.3 The Business Plan for Generation Business shall contain among other things the following:

(a) Capacity addition / reduction;

(b) Availability forecasts;

(c) Future performance targets;

(d) Proposed efficiency improvement measures

(e) R&M of existing generation units/projects and any other new measures to be initiated for the Generation Business, e.g.; automation, IT initiatives, compliance with revised emission standards, if any; etc.;

(f) Capital Investment Plan based on the above;

(g) Man Power Plan.

9.4 The Business Plan for Transmission Business shall be based on proposed generation capacity addition, future load forecasts of the State, planned capacity augmentation by the Central Transmission Utility (CTU) for the State and shall contain among other things the following:

(a) Future plans of the company including efficiency improvement measures proposed to be introduced and technical requirement such as meeting reactive power requirements;

(b) Plan for reduction in transmission losses;

(c) Plan for improvement in quality of transmission service and reliability, metering arrangements and any other new measure to be initiated by the Licensee, e.g. automation, IT initiatives etc.;

(d) Capital Investment Plan based on the above;

(e) Man Power Plan.

9.5 The Business Plan for Distribution Business shall be based on load forecast of the State and shall include the following:

(a) Forecast of category/sub category/slab wise Sales, Connected Load/Demand and number of consumers;

(b) Resource Adequacy Plan in line with the Punjab State Electricity Regulatory Commission (Framework for Resource Adequacy) Regulations, 2024;

(c) Plan for reduction in Distribution Losses;

(d) Distribution Transformer burn out rate – base line value and trajectory for each year of the Control Period;

(e) Meter burn out rate – base line value and trajectory for each year of the Control Period;

(f) Plan / initiatives for energy efficiency, improvement in quality of supply and reliability, Metering arrangements, New consumer services, IT initiatives, New scheme for carrying out energy audit, Improvement in metering and billing including any other new measures to be initiated by the Licensee, Periodical business satisfaction surveys etc.;

(g) Capital Investment Plan based on the above;

(h) Man Power Plan.

9.6 Capital Investment in network expansion in Transmission and Distribution shall be based on Load Flow studies and in accordance with the requirements of the State Grid Code.

9.7 The Capital Investment Plan covering the entire MYT Control Period will be submitted in the following two parts:

a) Ongoing schemes/works of the previous MYT Control Period (i.e. works / schemes which are under construction or where full payments have not yet been made). All spill over works will be included in this;

b) Schemes to be taken up in the order of priority giving the schedule over the full MYT Control Period. In case it is likely to take more than 3 years, the likely date of completion should also be given. This will also include such schemes which were part of the Capital

Investment Plan of the previous MYT Control Period but could not be started and which the Petitioner considers necessary to take up during the present Control Period.

9.8 The Petitioner shall submit the Detailed Project Reports (DPRs) for all the schemes as per Part (a) and (b) above which shall include:

(a) Purpose of investment;

(b) Broad Technical Specifications of the proposed investment and supporting details;

(c) Capital Structure;

(d) Capitalization Schedule;

(e) Financing Plan, including identified sources of investment;

(f) Physical targets;

(g) Cost-benefit analysis;

(h) Prioritization of proposed Investments:

Provided that DPRs will not be necessary for schemes under Rs. 10 Crore for Generation and Transmission Businesses, Rs. 5 Crore for Distribution Business and Rs. 1 Crore for SLDC:

Provided further that the total capital expenditure on non-DPR schemes in any year should not exceed 20% of that for DPR schemes during that year.

9.9 The capital investment plan shall match with:

(a) For Generation Business:

i) capacity addition during the Control Period;

ii) renovation and modernisation of the generating plant as allowed in CERC Regulations;

(b) For Transmission Business:

i) Nature of investment (evacuation project, system augmentation, system strengthening, IT related projects etc.);

ii) Details of physical parameters of the project such as circuit-kms, capacity in MVA, location of the project etc.;

iii) Break-up of investment in capacitor banks, reduction in reactive power drawal and transmission losses;

(c) For Distribution Business:

i) Replacement of existing assets;

ii) Meeting load growth;

iii) Technical loss reduction;

iv) Non-technical loss reduction;

v) Meeting reactive energy requirements;

vi) Customer service improvement;

vii) Improvement in quality and reliability of supply etc.

9.10 In case of existing Generation and Transmission projects, the capital investment for Renovation and Modernization shall consist of a Detailed Project Report which will include the following elements:

(a) Complete scope and justification;

(b) Estimated life extension;

(c) Improvement in performance parameters;

(d) Cost-benefit analysis;

(e) Phasing of expenditure;

(f) Schedule of completion;

(g) Reference price level;

(h) Estimated completion cost including IDC etc.;

(i) Other aspects.

9.11 The Capital Investment Plan in case of a new or expansion in an existing generating station shall also include cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with the National R&R Policy and R&R package.

9.12 In case, the Commission approves lesser amount of capital expenditure than filed by the Petitioner for approval, the Commission may allow the respective Petitioner to determine the priority of schemes to be considered within the approved amount.

9.13 In the normal course, the Commission shall not revisit the approved capital investment plan during the Control Period. The Licensee shall file details of the capital expenditure incurred for the preceding financial year by 30th June of the current financial year to enable the Commission to monitor and review the progress of the capital expenditure incurred by the Petitioner vis-à-vis the approved capital expenditure:

Provided that the capital expenditure incurred shall be only for the schemes as per the approved capital investment plan.

9.14 In case capital expenditure is required for emergency work which has not been approved in the capital investment plan, the Petitioner shall submit a petition (containing all relevant information along with reasons justifying emergency nature of the proposed work) seeking approval by the Commission. The Petitioner may take up the work prior to the approval of the Commission provided that the scheme has been approved by its Board of Directors as being of emergent nature:

Provided that the Petitioner shall submit the pending details required as per Regulation 9.8 and 9.9 within 10 days of the submission of the petition for emergency work:

Provided further that for the purpose of Regulation 9.11, such approved capital expenditure shall be treated as a part of actual capital expenditure incurred by the Petitioner in addition to the capital expenditure already approved by the Commission.

9.15 In case the capital expenditure incurred for ongoing approved schemes exceeds the amount as approved in the capital expenditure plan, the balance amount and the incidental cost shall be trued up by the Commission after prudence check after the end of Control Period. However, for schemes those are completed shall be trued up while doing the truing of the respective year. The completed schemes once trued up shall be considered to attain finality and shall not be re-opened for consideration at the time of true-up of remaining schemes to be done at end of Control Period

Provided that any additional capital expenditure incurred on account of time over run and/or unapproved changes in scope of approved schemes except for reasons beyond the control of Licensee and duly submitted in writing may not be allowed by the Commission:

Provided that capital expenditure incurred on unapproved schemes and not covered under Regulation 9.11 shall not be allowed by the Commission.

9.16 The Petitioner shall provide a copy of the proposed Capital Investment Plan for Generation and/or Distribution Business, as the case may be, to the State Transmission Utility (STU) for carrying out planning for network augmentation/ strengthening at the time of filing of this plan with the Commission. The copy of approved capital investment plan shall also be sent to the STU by the Petitioner, immediately after approval by the Commission.

9.17 The petitioner shall extend all cooperation to the STU for providing data/information required for carrying out the planning activity effectively.

9.18 The STU shall also provide a copy of its capital investment plan to the Distribution Licensee, at the time of filing of this plan with the Commission. The copy of approved capital investment plan shall also be sent to the Distribution Licensee by the STU, immediately after approval by the Commission.

9.19 The Commission shall scrutinize and approve the business plan including capital investment plan taking into consideration the additional information, if any, provided by the petitioner and the objections/ suggestions of the key stakeholders.

9.20 All new intra-state transmission projects costing more than Rs. 250 Crore, approved by the Commission, shall be developed by State Govt./STU through tariff based competitive bidding under section 63 of the Act.

Provided that in case of critical projects connected with security of the State or to avoid any delay in commissioning of critical State project or any other compelling circumstance, STU may seek prior approval of the Commission to execute that specific project costing above Rs. 250 Crore under Section 62.

Provided further that the above Regulation shall also apply to all those new intra-state transmission projects wherein the Commission has already accorded its approval, however, whose execution is yet to begin;

9.21 All the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system in accordance with sub-section (1) of section 42 of the Act shall be pass through;

Provided that such pass-through of the cost for the assets created by the distribution licensee shall be subject to following conditions: -

i) The asset has been created in accordance with the capex roll out plan for the licensee approved by the Commission.

ii) The asset has been procured in competitive and transparent manner.

iii) The asset is geo-tagged and properly recorded in Fixed Asset Register."

10. MULTI YEAR TARIFF PETITION

10.1. The Petitioner shall make the petition for the Multi Year Tariff on or before 30th November of the year preceding the first year of Control Period.

10.2. The Petitioner shall submit the forecast of Aggregate Revenue Requirement for each year of the Control Period and tariff proposal for the first Year of the Control Period, in a manner as provided in these Regulations and in formats specified by the Commission from time to time. The petition shall be accompanied by such fee payable, as may be specified by the Commission in the PSERC (Fee) Regulations 2005 as amended from time to time.

Provided that the petition shall also be accompanied by the true-up Petition based on the latest available audited accounts.

10.3. The Petitioner shall develop the forecast of Aggregate Revenue Requirement using the assumptions relating to the behaviour of individual variables that comprise the Aggregate Revenue Requirement during each year of the Control Period, including inter-alia detailed category-wise sales and demand projections, power procurement plan, trajectories of parameters specified in these Regulations and Business Plan, in accordance with guidelines and formats, as may be specified by the Commission from time to time.

10.4. The Distribution Licensee shall develop the forecast of Expected Revenue from existing and proposed Tariff and Charges based on the following:

(a) Distribution Licensee's estimates of the quantum of electricity to be supplied to Consumers and to be wheeled on behalf of distribution system users for the ensuing Financial Year within the Control Period;

(b) Prevailing tariff as on the date of making the petition.

10.5. Based on the forecast of Aggregate Revenue Requirement for the first Year of the Control Period and Expected Revenue from Tariff and Charges, the Distribution Licensee for the Distribution Wires Business and Retail Supply Business, shall propose the tariff for the first Year of Control Period:

Provided that the tariff proposed by Distribution Licensee shall be in accordance with Section 62 of the Electricity Act, 2003 and these Regulations.

10.6. The Petitioner shall provide full details supporting the forecast, including but not limited to details of past performance, proposed initiatives for achieving efficiency or productivity gains, technical studies, contractual arrangements and/or secondary research, to enable the Commission to assess the reasonableness of the forecast.

10.7. The Petitioner shall publish its petition filed for Multi Year Tariff / Annual Revenue Requirements as required by Conduct of Business Regulations. The Petitioner shall also display the petition on its official website.

11. TRUING-UP AND TARIFF DETERMINATION DURING THE CONTROL PERIOD

11.1. The Petitioner shall make a petition for True-up and tariff resetting on or before 30th November of each year of the Control Period.

11.2. The Generating Company, Transmission Licensee and Distribution Licensee shall be subject to truing up of expenses and revenue during the Control Period in accordance with these Regulations.

11.3. The Generating Company, Transmission Licensee and Distribution Licensee shall file a petition for truing up of the previous Year or the Year for which the audited accounts are available and determination of tariff for the ensuing Year on or before 30th November of each Year, in formats specified by the Commission from time to time.

11.4. The Petitioner shall publish its petition filed for Truing Up and Tariff Determination as required by Conduct of Business Re gulations. The Petitioner shall also display the petition on its official website.

11.5. The scope of the truing up and tariff determination shall be a comparison of the performance of the Generating Company, Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and Expected Revenue from Tariff and Charges and shall comprise of the following:

(a) **True-up:** a comparison of the audited performance of the Petitioner for the Financial Year for which the True-up is being carried out with the approved forecast for such previous Financial Year, subject to prudence check in accordance with Regulation 12;

(b) **Tariff determination** for the ensuing Year of the Control Period based on the revised forecast of the Aggregate Revenue Requirement for the Year;

(c) Review of compliance with directives issued by the Commission from time to time;

(d) Other relevant details, if any.

11.6. The Petitioner shall provide any other information, as may be asked for by the Commission with a view to assess the reasons and extent of any variation in the performance from the approved forecast and the need for tariff resetting.

11.7. The Commission shall review the petition made under the preceding clauses based on the same principles as approved in the MYT Order on original petition for determination of ARR and Tariff and upon completion of such review, either approve the proposed modification(s) with such changes as it deems appropriate, or reject the petition for reasons to be recorded in writing.

12. TRUE UP

12.1. Truing up of the ARR of the previous year shall be carried out and shall be adjusted in the ARR of the next year of the Control Period.

12.2. Truing up of uncontrollable items shall be carried out at the end of each year of the Control Period based on prudence check.

12.3. Truing-up exercise will be undertaken only when audited accounts for the year(s) under consideration have been made available. The approved aggregate gain or loss for each business on account of controllable items will be subject to provisions of Regulation 8 and Regulation 29.

12.4. Capital Expenditure, Capitalisation and associated ARR items shall be normally trued up at the end of the Control Period in accordance with Regulation 9, while Distribution Loss and Transmission Loss shall be trued up every year along with truing up of ARR based on prudence check.

12.5. In case of any change in the approved amounts (positive or negative) during the True-up exercise, the Commission shall consider the approved carrying cost as a separate item of the ARR.

12.6. The Commission may allow/recover the carrying cost for the trued-up amount at the interest rate mentioned in Regulation 24.1:

Provided that no carrying cost shall be permitted for the period of delay in filing of True-up on account of non-submission of audited accounts due to the fault of the utility:

Provided further that if the Commission determines an over recovery by the Licensee during the True-up, carrying cost for such trued-up amount shall be recovered from the Petitioner.

13. REVIEW AT THE END OF THE CONTROL PERIOD

13.1. At the end of the Control Period, the Commission shall review the achievement of objectives and implementation of the principles of MYT laid down in these Regulations.

13.2. To meet the objectives of the Act, the National Electricity Policy and Tariff Policy, the Commission may revise the principles of MYT for the subsequent Control Period.

13.3. The end of the fourth Control Period shall be the beginning of the fifth Control Period. The Petitioner shall follow the same procedure for the next Control Period unless required otherwise by the Commission. The Commission shall analyse the performance with respect to the norms set out at the beginning of the Control Period in the MYT order and shall determine the base values for the next Control Period, based on actual performance achieved, expected improvement and other relevant factors.

PART III – COMPONENTS OF ARR AND TARIFF FOR GENERATION, TRANSMISSION, SLDC AND DISTRIBUTION BUSINESSES

14. COMPONENTS OF TARIFF FOR GENERATION BUSINESS

14.1. The tariff for sale of electricity from a generating plant (Thermal and Hydel) shall be as follows:

(a) Thermal Generating Plant

The tariff for supply of electricity from a Thermal Power Generating Station shall comprise of two parts, namely, capacity charge (for recovery of the Annual Fixed Cost) and Energy Charges (for recovery of primary and secondary fuel cost).

(b) Hydel Generating Plant

The tariff for supply of electricity from a Hydro Power Generating Station shall comprise of capacity charge and energy charge to be derived in the manner specified for recovery of Annual Fixed Cost.

14.2. Both the components shall be worked out in the manner provided in Regulations 36 and 37.

14.3. The Annual Fixed Cost of a generating plant (thermal or hydro) shall include the following elements:

(a) Return on Equity;
(b) Interest and Finance Charges on Loan Capital;
(c) Interest Charges on Working Capital;
(d) Depreciation;
(e) Operation and Maintenance Expenses;
(f) Statutory levies and taxes, if any except income tax.
Less:
(g) Non-Tariff Income
(h) Income from other business

14.4. The Energy Charges (or Variable Charges) of a thermal generating station shall consist of primary fuel cost and secondary fuel cost.

14.5. The tariff for supply of electricity from a thermal and hydro generating station shall be derived in the manner specified in Regulations 36 and 37.

14.6. **Approval of provisional tariff for a generating station** - A Generating Company may also file a petition, not more than six months prior to the anticipated Date of Commercial Operation (COD), for determination of provisional tariff of the Unit or Stage or Generating Station as a whole, as the case may be, based on the capital expenditure actually incurred up to the date of making the petition or a date prior to making of the petition, duly audited and certified by the statutory auditors and the provisional tariff shall be charged from the date of commercial operation of such Unit or Stage or Generating Station, as the case may be:

Provided that the Generating Company shall file a fresh petition in accordance with these Regulations, for determination of final tariff based on actual capital expenditure incurred up to the date of commercial operation of the Generating Station duly certified by the statutory auditors based on Annual Audited Accounts:

Provided further that any difference in provisional tariff and the final tariff determined by the Commission and not attributable to the Generating Company may be adjusted at the time of determination of final tariff for the following year as directed by the Commission.

15. COMPONENTS OF ARR and CHARGES FOR TRANSMISSION AND SLDC BUSINESS

15.1. The ARR of the Transmission business and SLDC business shall comprise of the following components:

(a) Return on Equity;
(b) Interest and Finance Charges on Loan Capital;
(c) Interest Charges on Working Capital;
(d) Depreciation;
(e) Operation and Maintenance Expenses;
(f) ULDC Charges;
(g) Statutory levies and taxes, if any except income tax.

Less:

(h) Non-Tariff Income
(i) Income from other business

15.2. **The Intra-state Transmission Charge shall include the following components:**

a. **Transmission Charges or Network Usage Charges** to reflect the cost of owning (Capital Investment), servicing and maintaining the transmission assets in order to transfer bulk power to and from different locations. The Network Usage Charges or Transmission Tariff, payable by the beneficiaries of the Transmission System shall be designed to recover the Aggregate Revenue Requirement approved by the Commission for each year of the Control Period;

b. **Reactive Power Charges** to reflect the voltage related drawal of reactive power. Reactive power charges shall be levied as per the relevant provisions of Punjab State Electricity Regulatory Commission (Grid Code) Regulations, 2013, as amended from time to time.

15.3. **The SLDC Charges or System Operation Charge** shall consist of the cost of operating the State Load Dispatch Centre (SLDC) including the cost of owning & maintaining it. These shall be levied as SLDC charges upon the beneficiaries/users of the services of SLDC in accordance with the provisions of these Regulations.

16. COMPONENTS OF TARIFF FOR DISTRIBUTION BUSINESS

16.1 The ARR of the wheeling and retail supply shall comprise the following components:

For Wheeling Charges	**For Retail Supply Charges**
A	**A**
(a) Interest and finance charges including Interest on security deposits as allocated	(a) Interest and finance charges including Interest on security deposits as allocated
(b) Depreciation	(b) Depreciation
(c) Operation and Maintenance Expenses	(c) Operation and Maintenance Expenses

(d) Return on Equity	(d) Return on Equity
(e) Interest on Working Capital	(e) Interest on Working Capital
(f) Statutory levies and taxes,if any except income tax	(f) Cost of Power Purchase
	(g)Transmission charges including RLDC/SLDC Charges
	(h) Wheeling Charges
	(i) Bad and doubtful debts
	(j) Statutory levies and taxes, if any except income tax
Total (A)	Total (A)
Less	**Less**
B	**B**
(a) Non-Tariff income	(a) Non-Tariff income
(b) Income from other business, to the extent specified for wheeling tariff	(b)Income from other business
Total (B)	Total (B)
ARR = (A)-(B)	ARR = (A)-(B)

16.2 The tariff for sale of electricity by Distribution Licensee for its distribution business shall comprise of two parts, namely,

(a) Fixed /Demand Charge;

(b) Energy / Variable Charge.

PART IV – GENERAL PRINCIPLES FOR DETERMINATION OF COMMON ELEMENTS OF ARR AND TARIFF OF GENERATION, TRANSMISSION, SLDC AND DISTRIBUTION BUSINESSES

17. CAPITAL COST -:

17.1. The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence check in accordance with these Regulations shall form the basis for determination of tariff for existing and new projects.

17.2. The Capital Cost of a new project shall include the following:

(a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;

(b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;

(c) capitalised initial spares subject to the ceiling rates specified in this Regulation;

(d) additional capitalisation and decapitalisation determined under Regulation 18;

(e) Any gain or loss on account of foreign exchange rate variation pertaining to the loan amount availed during the construction period; and

(f) Interest during construction and incidental expenditure during construction as computed in accordance with these Regulations.

17.3. The capital cost may include initial spares capitalised as a percentage of the Plant and Machinery cost up to the cut-off date subject to the following ceiling norms:

(a) In case of a generating plant:

Coal-based generating plants:	4.0%
Gas turbine/combined cycle generating plants:	4.0%
Hydro generating plants:	4.0%

(b) In case of transmission business:

Transmission Line:	1.0%
Transmission Substation:	
-Green Field	4.0%
-Brown Field	6.0%
Series compensation device and HVDC Station:	4.0%
Gas Insulated sub-station (GIS)	5.0%
-Green Field	5.0%
-Brown Field	7.0%
Communication System	3.5%
Static Synchronous Compensator	6.0%

Provided that where the emission control system is installed, the norms of initial spares specified in this Regulation for coal or lignite based thermal generating station as the case may be, shall apply.

Provided that where the power purchase agreement entered into between the Distribution Licensee and the Generating Company provides a ceiling of actual expenditure, the capital expenditure shall not exceed such ceiling for determination of tariff:

Provided further that Distribution Licensee or a Generating Company including Independent Power Producers (IPPs) who intend to establish, operate and maintain a new generating plant may make a petition before the Commission for 'in principle' acceptance of the project capital cost and financing plan before taking up a project. The petition shall contain information regarding salient features of the project including the capacity, location, site specific features, fuel, beneficiaries, break-up of the capital cost estimates, financial package, schedule of commissioning, reference price level, estimated completion cost including foreign exchange components, if any, consent of beneficiary Licensees to whom the electricity is proposed to be sold etc.:

Provided also that where the Commission has given 'in principle' acceptance to the estimates of project capital cost and financing plan, the same shall be the guiding factor for applying prudence check on the actual capital expenditure:

Provided also that in case of the existing generating plants/transmission projects/distribution business, the capital cost admitted by the Commission prior to the effective date and additional capital expenditure projected to be incurred for respective years of the Control Period as may be admitted by the Commission, shall form the basis for determination of capital cost.

17.4. In relation to multi-purpose hydro schemes, with irrigation, flood control and power components, the capital cost chargeable to the power component of the scheme only shall be considered for determination of tariff.

17.5. The Commission may get the capital cost of hydro-electric projects vetted by an independent agency or expert and in that event the capital cost as vetted by such agency or expert may be considered by the Commission while determining the tariff for the hydro generating station.

17.6. Capital Cost to be allowed for the purpose of determination of tariff will be based on the Capital Investment Plan approved by the Commission

17.7. The revenue earned from sale of infirm power in excess of fuel cost prior to the COD, shall be adjusted against the Capital Cost as specified under Regulation 33.

17.8. The amount of any capital contribution made by consumers in the context of deposit works, open access customers, Govt. subsidy/grants/aid towards work received without any obligation to return the same and with no interest costs attached for release of connections/providing of power system, including connectivity to the distribution system or to the transmission system, as the case may be, shall be deducted from the original cost of the project of the respective Petitioner, for the purpose of calculating the amount under debt and equity under these Regulations.

17.9. For projects acquired through NCLT proceedings under the Insolvency and Bankruptcy Code, 2016, the following shall be considered while approving the capital costs for the determination of tariff:

a) For projects already under operation, historical GFA of the project acquired or the acquisition cost paid by the generating company, whichever is lower;

b) For considering the historical GFA for the purpose of sub clause (a) above, the same shall be the capital cost approved by the appropriate commission till the date of acquisition;

provided that in the absence of any prior approved capital cost approved by the Commission, the same shall be on the basis of audited accounts subject to prudence check;

Provided further, that in case additional capital expenditure is required post-acquisition of an already operational project, the same shall be considered under the provisions of Clause 9 of these Regulations;

(6) The following shall be excluded from the capital cost of the existing and new projects:

(a) The assets forming part of the project but not in use, as declared in the tariff petition;

(b) De-capitalised Assets after the date of commercial operation on account of obsolescence;

(c) De-capitalised Assets on account of upgradation or shifting from one project to another project:

Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.

(d) In the case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;

(e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and

(f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment

18. ADDITIONAL CAPITALIZATION

18.1. The Capital Expenditure incurred or projected to be incurred, on the following counts within the original scope of work, after the Date of Commercial Operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

(a) Un-discharged/Deferred liabilities;

(b) Works deferred for execution;

(c) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;

(d) On account of change of law:

Provided that the details included in the original scope of work along with estimates of expenditure, deferred liabilities and the works deferred for execution shall be submitted along with the petition for determination of tariff.

(e) Procurement of initial capital spares in the original scope of work, subject to ceiling mentioned in Regulation 17.3:

Provided that the details of work included in the original scope of work along with estimates of expenditure, un-discharged liabilities and works deferred for execution shall be submitted along with the petition for determination of tariff after the date of commercial operation of the project.

18.2. The Capital Expenditure of the following nature actually incurred after the cut-off date may be admitted by the Commission subject to prudence check:

(a) Un-discharged/Deferred liabilities relating to works/services within the original scope of work;

(b) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;

(c) On account of change of law;

(d) Any additional works/services which have become necessary for efficient and successful operation of the project, but were not included in the original project cost; and

(e) In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the Generating Company) including due to geological reasons after adjusting for proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation:

Provided that any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalisation for determination of tariff w.e.f. the date of the start of first year of the Control Period.

Provided further that if any expenditure has been claimed under Renovation and Modernisation (R&M) or repairs and maintenance under (O&M) expenses, same expenditure cannot be claimed under this Regulation.

18.3. Impact of additional capitalization in tariff revision within the approved project cost shall be considered by the Commission once during a particular year.

18.4. In case of transmission business, any additional expenditure on items such as relays, control and instrumentation, computer system, communication system, DC batteries, replacement of switchyard equipment due to increase of fault level, emergency restoration system, insulators cleaning infrastructure, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system may be admitted by the Commission:

Provided that any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. bought after the cut-off date shall not be considered for additional capitalization for determination of tariff.

18.5. Any expenditure admitted on account of committed liabilities within the original scope of work and the expenditure deferred on techno-economic grounds but falling within the original scope of work shall be serviced in the normative debt-equity ratio specified in this Regulation.

18.6. Any expenditure on replacement of old assets or renovation and modernization or life extension shall be considered on normative debt-equity ratio specified in this Regulation after writing off the entire value of the original assets from the original capital cost of the asset replaced.

18.7. Any expenditure admitted by the Commission for determination of tariff on account of new works not in the original scope of work shall be serviced in the normative debt-equity ratio specified in this Regulation.

19. DEBT EQUITY RATIO

19.1. **Existing Projects** - In case of the capital expenditure projects having Commercial Operation Date prior to the effective date, the debt-equity ratio shall be as allowed by the Commission for determination of tariff for the period prior to the effective date:

Provided that the Commission shall not consider the increase in equity as a result of revaluation of assets (including land) for the purpose of computing return on equity.

19.2. **New Projects** – For capital expenditure projects declared under commercial operation on or after the effective date:

(a) A Normative debt-equity ratio of 70:30 shall be considered for the purpose of determination of Tariff;

(b) In case the actual equity employed is in excess of 30%, the amount of equity for the purpose of tariff determination shall be limited to 30%, and the balance amount shall be considered as normative loan;

(c) In case, the actual equity employed is less than 30%, the actual debt-equity ratio shall be considered;

(d) The premium, if any raised by the Petitioner while issuing share capital and investment of internal accruals created out of free reserve, shall also be reckoned as paid-up capital for the purpose of computing return on equity subject to the normative debt-equity ratio of 70:30, provided such premium amount and internal accruals are actually utilized for meeting capital expenditure of the Petitioner's business.

19.3. **Renovation and Modernization**: Any approved capital expenditure incurred on Renovation and Modernization including the approval in the Capital Investment plan shall be considered to be financed at normative debt-equity ratio of 70:30. If the actual equity employed is less than 30% then the actual debt equity ratio shall be considered.

20. RETURN ON EQUITY

Return on equity shall be computed at the base rate of 15.5% for thermal generating stations, Transmission Licensee, SLDC and run of the river hydro generating stations and at the base rate of 16.5% for the storage type hydro generating stations and run of river generating stations with pondage and 16% for Distribution Licensee on the paid-up equity capital determined in accordance with Regulation 19:

Provided that Equity invested in foreign currency shall be converted to rupee currency based on the exchange rate prevailing on the date(s) it is subscribed:

Provided further that assets funded by consumer contributions, capital subsidies/Govt. grants shall not form part of the capital base for the purpose of calculation of Return on Equity.

Provided further that the return on equity in respect of additional capitalization on account of any change in law shall be as per Regulation 23.1, subject to ceiling of 14%.

21. DEPRECIATION

For the purpose of tariff determination, depreciation shall be calculated in the following manner:

21.1. The value base for the purpose of depreciation shall be the capital cost of the assets admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided that the land, other than the land held under lease and land for reservoir in case of hydro generating station, shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets:

Provided further that Govt. grants and consumer contribution shall also be recognized as defined under Indian Accounting Standard 20 (IND AS 20) notified by the Ministry of Corporate Affairs.

21.2. The residual/salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of historical capital cost of the asset:

Provided that I.T. Equipment and Software shall be depreciated 100% with zero salvage value.

21.3. The Cost of the asset shall include additional capitalization.

21.4. The Generating Company, Transmission and Distribution Licensee shall provide the list of assets added during each Year of the Control Period and the list of assets completing 90% of depreciation in the Year along with Petition for, true-up and tariff determination for ensuing Year.

21.5. Depreciation for Distribution, generation and transmission assets shall be calculated annually as per straight line method over the useful life of the asset at the rate of depreciation specified by the Central Electricity Regulatory Commission from time to time:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation/ put in use of the asset shall be spread over the balance useful life of the assets:

Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the asset.

21.6. Depreciation shall be chargeable from the first year of commercial operation/asset is put in use. In case of commercial operation of the asset/put in use of asset for part of the year, depreciation shall be charged on pro rata basis.

22. FOREIGN EXCHANGE RATE VARIATION

22.1. The Petitioner may hedge foreign exchange exposure in respect of the interest on foreign currency loans and repayment of foreign loans acquired for the generating station, transmission system or distribution system, as the case may be, in part or full at the discretion of the Petitioner.

22.2. The Petitioner shall recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year on year-to-year basis as expense in the period in which it arises and extra rupee liability corresponding to such foreign exchange rate variation shall not be allowed against the hedged foreign debt.

22.3. To the extent the Petitioner is not able to hedge the foreign exchange exposure, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year shall be permissible provided it is not attributable to the Petitioner or its contractors.

22.4. The Petitioner shall recover the cost of hedging and foreign exchange rate variation on year-to-year basis as income or expense in the period in which it arises.

23. INTEREST ON LOAN CAPITAL

23.1. Interest and finance charges on the loan capital (existing and future for new investments) shall be computed on the loans, based on one (1) year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI as may be applicable as on 1st April of the relevant year, plus 150 basis points or the weighted average rate of interest paid/payable by the Generating Company, Licensee or SLDC, whichever is less.

23.2. The repayment for each year of the tariff period shall be deemed to be equal to the depreciation allowed for the corresponding year. In case of de-capitalisation of assets, the repayment shall be adjusted by taking into account cumulative depreciation made to the extent of de-capitalisation.

23.3. The Commission shall allow obligatory taxes on interest, finance charges (including guarantee fee payable to the Government) and any exchange rate difference arising from foreign currency borrowings, as finance cost.

23.4. The interest on excess equity treated as loan shall be serviced at the weighted average interest rate of actual loan taken from the lenders.

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered.

24. RATE OF INTEREST ON WORKING CAPITAL & SECURITY DEPOSIT

24.1. The rate of interest on working capital shall be equal to the actual rate of interest paid on working capital loans by the Licensee/Generating Company/SLDC or the one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI as may be applicable as on 1st April of the relevant year plus 250 basis points, whichever is lower. The interest on working capital shall be payable on normative basis notwithstanding that the Licensee/Generating Company/SLDC has not taken working capital loan from any outside agency or has exceeded the working capital loan amount worked out on the normative figures.

24.2. Interest on security deposits made by the consumers with a Licensee, if any, shall be considered at the rate specified by the Commission from time to time and allowed as an item of expense in the ARR of the Distribution Licensee.

25. OPERATION AND MAINTENANCE (O&M) EXPENSES

25.1. The O&M expenses for the n^{th} year of the Control Period shall be approved based on the formula shown below:

$$\mathbf{O\&M_n = (R\&M_n + EMP_n + A\&G_n) \times (1\text{-}X_n)}$$

Where,

- $R\&M_n$ –Repair and Maintenance Costs of the Petitioner for the n^{th} year;
- EMP_n –Employee Cost of the Petitioner for the n^{th} year;
- $A\&G_n$ –Administrative and General Costs of the Petitioner for the n^{th} year;

It should be ensured that all such expenses capitalized should not form a part of the O&M expenses being specified here. The above components shall be computed in the manner specified below:

(i) $R\&M_n = K*GFA*WPI_n/WPI_{n-1}$

Where,

- 'K' is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) for the n^{th} year. The value of 'K' will be specified by the Commission in the MYT order.
- ***'GFA'*** is the average value of the gross fixed assets of the n^{th} year.
- **WPI_n** means the average rate (on monthly basis) of Wholesale Price Index (all commodities) over the year for the n^{th} year.

(ii) $EMP_n + A\&G_n = (EMP_{n-1} + A\&G_{n-1})$*(INDEX n/INDEX n-1)

 INDEXn - Inflation Factor to be used for indexing the Employee Cost and Administrative and General Costs for n^{th} year. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) of n^{th} year and shall be calculated as under:-

$INDEXn = 0.50*CPI_n + 0.50*WPI_n$

'WPI_n' means the average rate (on monthly basis) of Wholesale Price Index (all commodities) over the year for the n^{th} year.

'CPI_n' means the average rate (on monthly basis) of Consumer Price Index (Industrial workers) over the year for the n^{th} year.

Note 1: The O&M expenses of BBMB for the entire Control Period shall be projected separately based on the latest actual payout. The Commission shall true-up the O&M expenses of BBMB based on the actual payout. The O&M expense of BBMB shall be treated as uncontrollable cost

item. However, when CERC determines the tariff in respect of generating plants/units of BBMB, the Commission shall consider the same

Note 2: For the purpose of estimation, the same WPI_n and CPI_n values shall be used for all years of the Control Period. However, the Commission will consider the actual values of the WPI_n and CPI_n at the end of each year during the True-up the R&M Expenses, Employee Cost and A&G Expenses on account of this variation.

Note 3: O&M expense shall be allowed on normative basis or actual whichever lower and shall be trued-up only to the account of variation in Wholesale Price Index and Consumer Price Index.

Note 4: Terminal Liabilities such as death-cum-retirement gratuity, Ex-Gratia, pension including family pension, commuted pension, leave encashment, LTC, medical reimbursement including fixed medical allowance in respect of the State PSU / Government pensioners will be approved as per the actuals paid by the Petitioner.

Note 5: O&M expenses made on account of extraordinary situations (if any) shall be submitted to Commission for its approval. Such expenses shall be filed separately and will not be subjected to provisions of Regulation 29. The amount approved by the Commission shall be trued up.

Note 6: Exceptional increase in employee cost on account of Pay Commission based revision for State PSU / Government employees will be considered separately by the Commission.

Note 7: Any expenditure on account of license fee, initial or renewal, fee for determination of tariff and audit fee shall be allowed on actual basis, over and above the A&G expenses approved by the Commission.

Note 8: O&M expenses of assets taken on lease/hire-purchase and those created out of the consumers' contribution shall be considered in case the Generating Company or the Licensee has the responsibility for its operation and maintenance and bears O&M expenses.

Note 9: With regard to unfunded past liabilities of pension and gratuity, the Commission will follow the principle of 'pay as you go' which shall be considered as payments made to the Trust if created for Terminal Benefits.

Note 10: R&M expenses for gross fixed assets added during the year, if not accounted already, shall be considered from the date of commissioning on pro-rata basis.

(iii) X_n is an efficiency factor for n^{th} year

The Value of X_n shall be determined by the Commission in its MYT order for the Control Period.

Note 11:- In case of projects acquired through NCLT proceedings, R&M shall be allowed as per the historic GFA in the audited accounts of the project acquired.

Note 12: In case of smart metering infrastructure deployed by the Distribution Licensee, additional O&M expenses shall be in the ARR petition after due prudence check.

Provided that the distribution Licensee shall furnish complete details viz. number of smart meters installed, RDSS approved price, actual discovered price, grant component etc. while seeking the above O&M expenses in addition to the O&M expenses allowed in the ARR

26. PRIOR PERIOD EXPENSES

26.1. The Petitioner shall submit to the Commission the prior period expenses as a part of the filing for ARR and True Up;

26.2. The Commission shall allow prior period expenses for uncontrollable cost items only as per the audited accounts, during the ARR and True Up.

27. NON-TARIFF INCOME

27.1. The following components of income shall be treated as non-tariff income for the generation, transmission, SLDC and distribution businesses, as applicable:

(a) Meter/metering equipment rentals;
(b) Service line charges;
(c) Net revenue from late payment surcharge (late payment surcharge less financing cost of late payment surcharge);
(d) Interest on advances to suppliers/contractors;
(e) Interest on staff loans and advances;
(f) Income from trading;
(g) Income from staff welfare activities;
(h) Excess found on physical verification;
(i) Interest on investments, fixed and call deposits and bank balances;
(j) Net recovery from penalty on coal liaison agents;
(k) Prior period income;
(l) Income from open access charges i.e. petition fee, cross subsidy surcharge, additional surcharge, transmission and/or wheeling charges, scheduling charges etc.;
(m) Miscellaneous receipts and any other income not included above;
(n) Rebate on timely payment of power purchase including transmission bills:
Provided that only 50% of the 'rebate for timely payment of power purchase and transmission charges' received by the Licensee shall be considered as non-tariff income;

The Petitioner shall submit full details of its forecast of non-tariff income to the Commission as a part of ARR filing. The amount received/receivable by the Petitioner on account of non-tariff Income shall be deducted from the aggregate revenue requirement for calculating the net revenue requirement of Petitioner's business.

28. INCOME OF OTHER BUSINESS

The Petitioner may engage in any other business, with prior intimation to the Commission for optimum utilization of its generation, transmission or distribution assets, as the case may be. Such instances and transaction shall be governed in accordance with the Punjab State Electricity

Regulatory Commission (Income of Other Businesses) Regulations, 2005, as amended from time to time.

29. SHARING OF GAINS AND LOSSES ON ACCOUNT OF CONTROLLABLE AND UNCONTROLLABLE FACTORS

29.1. The approved aggregate gain or loss to the Petitioner on account of uncontrollable factors shall be allowed as an adjustment in the ARR of the Petitioner over such period as may be specified in the Order of the Commission.

29.2. Nothing contained in Regulation 29.1 above shall apply in respect of any gain or loss arising out of variations in the price of fuel, which shall be dealt as per Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005 as amended from time to time.

29.3. The approved aggregate gain and loss to the Petitioner on account of controllable factors shall be dealt with in the following manner:

(a) 50% of such gain shall be passed on to consumer over such period as may be specified in the Order of the Commission;

(b) The balance amount of such gain shall be allowed to be retained by the Petitioner;

(c) Loss, if any, will be borne by the Petitioner.

30. BILLING AND PAYMENT OF CHARGES AND LATE PAYMENT SURCHARGE

30.1. All bills for capacity charges, energy charges, transmission charges and other charges shall be raised on monthly basis and payments shall be made by the beneficiaries on monthly basis.

30.2. In case, the payment of any bill for charges payable under these Regulations is delayed by a beneficiary beyond a period of 30 days from the date of billing, a late payment surcharge at the rate of 1.00% per month or part thereof on the unpaid amount shall be levied by the Generating Company or Transmission Licensee, as the case may be.

31. REGULATORY ASSET

In extraordinary circumstances, the Commission may allow creation of Regulatory Asset in case the Revenue Gap is very substantial and is on account of factors beyond control of the Generating Company or the Licensee and its full recovery in a single year will result in tariff shock for the consumers. The Commission will endeavour to liquidate the Regulatory Asset so created along with carrying cost in the maximum 3 year period immediately following the year in which it is created.

PART V – PRINCIPLES FOR DETERMINATION OF TARIFF AND NORMS FOR OPERATION FOR GENERATION BUSINESS

32. INTEREST ON WORKING CAPITAL

32.1. Components of Working Capital

(a) Coal-based Thermal Generating Plants: The Working Capital shall cover the following:

i. Fuel Cost including cost of limestone / other reagent for 2 months corresponding to the normative annual plant availability factor;

ii. Operation and maintenance (O&M) Expenses for 1 month;

iii. Maintenance spares @ 15% of the O&M expenses;

iv. Receivables equivalent to 45 days of fixed and variable charges for sale of electricity calculated on the normative annual plant availability factor.

(b) Open-cycle Gas Turbine/Combined Cycle Thermal Generating Plants: The Working Capital shall cover the following:

i. Fuel Cost for one month corresponding to the normative annual plant availability factor, duly taking into account mode of operation of the generating station on gas fuel and liquid fuel;

ii. Liquid fuel stock for ½ month corresponding to the normative annual plant availability factor, and in case of use of more than one liquid fuel, cost of main liquid fuel;

iii. Maintenance spares @ 30% of operation and maintenance expenses;

iv. Operation & maintenance expenses for one month;

v. Receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity, calculated on normative plant availability factor, duly taking into account mode of operation of the generating plant on gas fuel and liquid fuel.

(c) Hydro based generating stations: The Working Capital shall cover the following:

i. Maintenance spares @ 15% of operation and maintenance expenses;

ii. Operation & maintenance expenses for 1 month;

iii. Receivables equivalent to 45 days of fixed cost.

Provided further that for the purpose of Truing-up, the working capital shall be computed based on the annual plant load factor or normative availability of the generating Station, whichever is lower;

Provided also that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the trued-up figures

of receivables, Operation & Maintenance expenses and other components of working capital approved by the Commission in the Truing-up;

For the purpose of Truing up for each year, the variation between the normative interest on working capital computed at the time of Truing-up and the actual interest on working capital incurred by the Petitioner, substantiated by documentary evidence, shall be considered as 'excess normative' or 'deficit normative', as the case may be. The treatment of such excess and deficit shall be done in following manner:

(a) 'Excess Normative' shall be passed on to consumer over such period as may be specified in the Order of the Commission;

(b) 'Deficit Normative', if any, will be borne by the Petitioner.

32.2. **Rate of Interest**

The rate of interest on working capital shall be as per Regulation 24.1.

33. SALE OF INFIRM POWER

33.1. Supply of infirm power by a Generating Company shall be treated as Deviation and paid as per Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2022, as amended from time to time or any subsequent re-enactment thereof.

33.2. Any revenue earned by the Distribution Licensee or Generating Company from sale of infirm power after accounting for the Fuel expenses shall be applied for reduction in capital cost and shall not be treated as revenue.

34. NORMS FOR PERFORMANCE PARAMETERS

The norms for performance parameters for a Generating Company i.e. availability, load factor, station heat rate, specific oil consumption, auxiliary consumption etc. shall be as per the CERC norms or as determined by the Commission:

Provided that in the case of a generating unit which undergoes Renovation and Modernization, the Commission may specify a separate set of norms to be adopted during the renovation and modernization period and for the subsequent period. These norms shall be specified by the Commission on case to case basis as part of the Renovation and Modernization Capital Investment approval. Consequently, the generation tariff shall be determined accordingly by the Commission.

35. Energy Charges

35.1. Energy charges shall be derived on the basis of the landed fuel cost (LFC) of a generating station (excluding hydro) and shall consist of the following cost:

(a) Landed cost of primary fuel;

(b) Landed cost of secondary fuel; and

(c) Cost of limestone or any other reagent, as applicable:

Provided that taxes, duties and amount received on account of penalties received from fuel

supplier shall have to be adjusted in landed fuel cost.

35.2. Initially, the LFC of primary fuel, secondary fuel and limestone / other reagents for tariff determination shall be based on actual weighted average cost of primary fuel and secondary fuel for the preceding three months, and in the absence of landed costs for the preceding three months, LFC shall be based on the latest procurement price of primary fuel, secondary fuel and limestone / other reagents for the generating station.

36. RECOVERY OF ANNUAL FIXED (CAPACITY) CHARGES

36.1. The fixed cost of a thermal generating station shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly basis under capacity charge. The total capacity charge payable for a generating station shall be shared by the beneficiaries as per their respective percentage share/allocation in the capacity of the generating station.

36.2. The Capacity Charge payable to a thermal generating plant for a calendar month shall be calculated in accordance with the following formulae:

CC1= (AFC/12)(PAF1 / NAPAF) subject to ceiling of (AFC/12)

CC2 = ((AFC/6)(PAF2 / NAPAF) subject to ceiling of (AFC/6)) – CC1

CC3 = ((AFC/4) (PAF3 / NAPAF) subject to ceiling of (AFC/4)) – (CC1+CC2)

CC4 = ((AFC/3) (PAF4 / NAPAF) subject to ceiling of (AFC/3)) – (CC1+CC2+CC3)

CC5 = ((AFC x 5/12) (PAF5 / NAPAF) subject to ceiling of (AFC x 5/12)) -(CC1+CC2 +CC3 +CC4)

CC6 = ((AFC/2) (PAF6 / NAPAF) subject to ceiling of (AFC/2)) – (CC1+CC2+CC3+CC4 + CC5)

CC7= ((AFC x 7/12) (PAF7 / NAPAF) subject to ceiling of (AFC x 7/12)) – (CC1+CC2 +CC3 +CC4 + CC5 + CC6)

CC8 = ((AFC x 2/3) (PAF8 / NAPAF) subject to ceiling of (AFC x 2/3)) – (CC1+CC2 +CC3 +CC4 + CC5 + CC6 + CC7)

CC9 = ((AFC x 3/4) (PAF9 / NAPAF) subject to ceiling of (AFC x 3/4)) – (CC1+CC2 +CC3 +CC4 + CC5 + CC6 + CC7+ CC8)

CC10= ((AFC x 5/6) (PAF10 / NAPAF) subject to ceiling of (AFC x 5/6)) – (CC1+CC2 +CC3 +CC4 + CC5 + CC6 + CC7 + CC8 + CC9)

CC11 = ((AFC x 11/12) (PAF11 / NAPAF) subject to ceiling of (AFC x 11/12)) – (CC1+CC2 +CC3 +CC4 + CC5 + CC6 + CC7 + CC8 + CC9 + CC10)

CC12 = ((AFC) (PAFY / NAPAF) subject to ceiling of (AFC)) – (CC1+CC2 +CC3+CC4 + CC5 + CC6 + CC7 + CC8 + CC9 + CC10 + CC11)

Where,

AFC = Annual fixed cost specified for the year (in Rupees)

NAPAF = Normative annual plant availability factor (in percent)

PAFM (M =1, 2, 3.....) = Plant availability factor (in percent)

PAFY = Plant availability factor achieved during the year (in percent)

CC1, CC2, CC3, CC4, CC5, CC6, CC7, CC8, CC9, CC10, CC11 and CC12 are the Capacity Charges of 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th and 12th months respectively.

36.3. In case of a Thermal Generating Station, the PAFM up to the end of a particular month and PAFY shall be computed in accordance with the following formula:

$$PAFM\ or\ PAFY = \frac{10000 \times \sum_{i=1}^{N} DC_i}{N \times IC \times (100 - AUX)}\%$$

Where,

AUX = Normative auxiliary energy consumption in percentage.

DCi = Average declared capacity (in ex-bus MW) for the i^{th} day of the period i.e. the month or the year as the case may be, as certified by the SLDC after the day is over.

IC = Installed Capacity (in MW) of the generating station.

N = Number of days during the period i.e. the month or the year as the case may be.

Note: DCi and IC shall exclude the capacity of generating units not declared under commercial operation. In case of a change in IC during the concerned period, its average value shall be taken.

36.4. Incentive to a thermal generating station or unit thereof shall be payable at a flat rate of 75 paise/ kWh for ex-bus scheduled energy during Peak Hours and 55 paise/ kWh for ex-bus scheduled energy during Off-Peak Hours corresponding to scheduled generation in excess of ex-bus energy corresponding to Normative Annual Plant Load Factor (NAPLF) i.e 85%.

36.5. In case of fuel shortage in a thermal generating station, the Generating Company may propose to deliver a higher MW during peak-load hours by saving fuel during off-peak hours. The SLDC may then specify a pragmatic day-ahead schedule for the generating station to optimally utilize its MW and energy capability, in consultation with the Distribution Licensee and other long-term open access customers. DCi in such an event shall be taken to be equal to the maximum peak-hour ex-power plant MW schedule specified by the SLDC, for that day.

36.6. The fixed cost of a hydro generating station shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly basis under capacity charge (inclusive of incentive) and energy charge, which shall be payable by the beneficiaries in proportion to their respective allocation in the saleable capacity of the generating station, that is to say, in the capacity excluding the free power to the home State:

Provided that during the period between the date of commercial operation of the first unit of the generating station and the date of commercial operation of the generating station, the annual fixed cost shall provisionally be worked out based on the latest estimate of the completion cost for the

generating station, for the purpose of determining the capacity charge and energy charge payment during such period.

36.7. The capacity charge (inclusive of incentive) payable to a hydro generating station for a calendar month shall be:

AFC x 0.5 x (NDM / NDY) x (PAFM /NAPAF) (in Rupees)

Where,

AFC = Annual fixed cost specified for the year, (in Rupees).

NAPAF= Normative plant availability factor in percentage.

NDM = Number of days in the month.

NDY = Number of days in the year.

PAFM = Plant availability factor achieved during the month, in percentage.

The PAFM shall be computed in accordance with the following formula:

$$PAFM = \frac{10000 \times \sum_{i=1}^{N} DC_i}{N \times IC \times (100 - AUX)} \%$$

Where,

AUX	=	Normative auxiliary energy consumption in percentage
DC_i	=	Declared capacity (in ex-bus MW) for the i^{th} day of the month which the station can deliver for at least three (3) hours, as certified by the SLDC, after the day is over
IC	=	Installed capacity (in MW) of the complete generating station
N	=	Number of days in the month

37. RECOVERY OF ENERGY CHARGES (VARIABLE CHARGES)

37.1. The Energy (Variable) Charges for a thermal generating plant shall cover the primary fuel cost, secondary fuel cost, cost of limestone or any other reagent, as applicable and, shall be payable by every beneficiary for the total energy scheduled to be supplied to such beneficiary during the calendar month on ex-power plant basis, at the energy charge rate of the month (with fuel price adjustment).

37.2. The Energy Charge for generating plants of the Distribution Licensee/generating companies for the month shall be worked out on the basis of scheduled ex-bus energy to be sent out from the generating plant in accordance with the following formula:

Energy (Variable) Charge (Rs.)

= Energy Charge Rate (Rs. /kWh) x Scheduled Energy (ex-bus) for the month (kWh)

37.3. Variations between actual net injection and scheduled net injection for the generating stations, and variations between actual net drawal and scheduled net drawal for the beneficiaries shall be treated as their respective deviations and such deviations shall be governed by the Indian Electricity Grid Code and Central Electricity Regulatory Commission (Deviation Settlement

Mechanism and Related Matters) Regulations, 2022, as amended from time to time or any subsequent re-enactment thereof.

37.4. Energy Charge Rate (ECR) in Rupees per kWh on ex-power plant basis for coal based thermal power plant shall be determined to three decimal places in accordance with the following formulae:

$$ECR = \{(SHR - SFC \times CVSF) \times (LPPF / CVPF) + (SFC \times LPSF) + (LC \times LPL)\} \times 100 / (100 - AUX)$$

Where,

AUX	=	Normative auxiliary energy consumption in percentage;
CVPF	=	Weighted Average Gross calorific value of primary fuel as received, in kCal per kg for coal based station less 85kCal/Kg on account of variation during storage at generating station or per litre or per cubic meter as applicable;
CVSF	=	Weighted Average Calorific value of secondary fuel, in kCal per ml;
ECR	=	Energy charge rate, in Rupees per kWh sent out;
SHR	=	Station Heat rate, in kCal per kWh;
SFC	=	Specific fuel oil consumption, in ml per kWh;
LC	=	Normative limestone consumption in kg per kWh;
LPL	=	Weighted average landed cost of limestone in Rupees per kg;
LPPF	=	Weighted average landed price of primary fuel, in Rupees per kg or per litre or per cubic meter as applicable;
LPSF	=	Weighted Average Landed Price of Secondary Fuel in Rs./ml.

37.5. Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis for gas and liquid fuel based thermal power plant shall be determined to three decimal places in accordance with the following formulae:

$$ECR = SHR \times LPPF \times 100 / \{CVPF \times (100 - AUX)\}$$

37.6. Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis, for a hydro generating station, shall be determined up to three decimal places based on the following formula, subject to the provisions of Regulation 37.8:

$$ECR = AFC \times 0.5 \times 10 / \{DEx (100-Aux) \times (100-FEHS)\}$$

Where,

DE = Annual design energy specified for the hydro generating station, in MWh, subject to provisions of Regulation 37.7

FEHS = Free Energy share for Home State, if any, in percent (as defined in CERC Regulations)

37.7. Where biomass fuel is used for blending with coal, the landed cost of biomass fuel shall be worked out based on the delivered cost of biomass at the unloading point of the generating station, inclusive of taxes and duties as applicable. The energy charge rate of the blended fuel shall be worked out considering the consumption of biomass based on the blending ratio as specified by the Authority or the actual consumption of biomass, whichever is lower

37.8. In case the saleable scheduled energy (ex-bus) of a hydro generating station during a year is less than the saleable design energy (ex-bus) for reasons beyond the control of the generating station, the treatment shall be as per Regulation 37.9, on a petition filed by the generating company.

37.9. Shortfall in energy charges in comparison to fifty percent of the annual fixed cost shall be allowed to be recovered in six equal monthly instalments:

Provided that in case actual generation from a hydro generating station is less than the design energy for a continuous period of four years on account of hydrology factor, the generating station shall approach the Central Electricity Authority with relevant hydrology data for revision of design energy of the station.

37.10. Any shortfall in the energy charges on account of saleable scheduled energy (ex-bus) being less than the saleable design energy (ex-bus) during the Control Period which was beyond the control of the generating station and which could not be recovered during the said Control Period shall be recovered in accordance with Regulation 37.9.

37.11. In case the energy charge rate (ECR) for a hydro generating station, as computed in Regulation 37.6 above, exceeds hundred and thirty paise per kWh, and the actual saleable energy in a year exceeds {DE x (100 – AUX) x (100-FEHS)/10000} MWh, the Energy charge for the energy in excess of the above shall be billed at hundred and thirty paise per kWh only.

37.12. The SLDC shall finalise the schedules for the hydro generating stations for optimal utilization of all the energy declared to be available, which shall be scheduled for all beneficiaries in proportion to their respective allocations in the generating station.

38. LANDED COST OF FUEL

38.1. The landed cost of fuel for the month for the purpose of computation of energy charge shall be as specified in Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, as amended from time to time:

Provided that in case of any cap specified in the PPA or in relevant Order(s) of the Commission, the same shall prevail:

Provided further that no transit and handling losses shall be permissible in case of coal which is priced on FOR destination basis.

38.2. Computation of Input Price of Coal & Lignite from Integrated Mine shall be in accordance to the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, as amended from time to time or as determined by the Commission.

39. SCHEDULING

The methodology for scheduling and dispatch for the generating plant shall be as specified in the Punjab State Electricity Regulatory Commission (Grid Code) Regulations, 2013, as amended from time to time.

40. SLDC AND TRANSMISSION CHARGES

40.1. SLDC and transmission charges as determined by the Commission shall be considered as a part of expenditure, if payable by the generating plant.

40.2. SLDC and transmission charges paid for energy sold outside the State, if any shall not be allowed as expenses.

41. METERING AND ACCOUNTING

For all purposes, the Standards for Metering and Accounting specified in the Punjab State Electricity Regulatory Commission (Grid Code) Regulations, 2013 and the Central Electricity Authority (Installation and Operation of Meters) Regulations 2006, as amended from time to time, shall be applicable.

PART VI –PRINCIPLES FOR DETERMINATION OF TARIFF AND NORMS FOR OPERATION FOR DISTRIBUTION BUSINESS

42. INTEREST ON WORKING CAPITAL

42.1. Components of Working Capital for Wheeling of electricity shall cover the following:

(a) O&M Expenses for wire business for 1 month;

(b) Maintenance spares @ 15% of the O&M expenses for wire business;

(c) Receivables equivalent to 45 days of the expected revenue from charges for use of Distribution Wires at the prevailing tariffs; minus

Amount, if any, held as security deposits from Distribution System Users

42.2. Components of Working Capital for Retail Supply business shall cover the following:

(a) O&M Expenses for retail supply business for 1 month;

(b) Maintenance spares @ 15% of the O&M expenses for retail supply business; and

(c) Receivables equivalent to 45 days of average of revenue from sale of energy, approved by the Commission in the ARR;

Less

Consumer Security Deposit

"Provided also that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the trued-up figures of receivables, Operation & Maintenance expenses and other components of working capital approved by the Commission in the Truing-up;

For the purpose of Truing up for each year, the variation between the normative interest on working capital computed at the time of Truing-up and the actual interest on working capital incurred by the Petitioner, substantiated by documentary evidence, shall be considered as 'excess normative' or 'deficit normative', as the case may be. The treatment of such excess and deficit shall be done in following manner;

(a) 'Excess Normative' shall be passed on to consumer over such period as may be specified in the Order of the Commission;

(b) 'Deficit Normative', if any, will be borne by the Petitioner."

42.3. Rate of Interest -The rate of interest on working capital shall be as per Regulation 24.1.

43. DISTRIBUTION LOSS

43.1. The Distribution Loss shall be equal to the difference between the energy injected into the distribution system (X) and the sum of energy sold to all its consumers (Y) within the Licensed area.

43.2. Energy sold shall be the sum of metered sales and assessed unmetered sales within the Licensed Area, if any, based on approved methodology/norms. The percentage Distribution Loss shall be as follows:

Percentage Distribution Loss= ((X- Y)/X) x 100

43.3. The Distribution Licensee shall file the Distribution Loss trajectory in the business plan commensurate with the Capital Investment Plan for distribution business. The Commission after verification and evaluation of the same shall approve the Distribution Loss trajectory for each year of the Control Period.

43.4. The consumption of unmetered consumers shall be assessed on the basis of 11 kV feeder metering/DT metering/sample consumer metering or such other factor as per methodology approved by the Commission.

43.5. In the absence of such energy audit/sample surveys/sample DTR metering/feeding substation end metering, the Commission shall not accept the claim of the Distribution Licensee and may proceed to fix the Distribution Loss levels for unmetered consumption on the basis of the information available with it.

43.6. The Distribution Licensee shall furnish within a period as specified by the Commission, computation of voltage-wise technical and commercial losses.

43.7. Any over-achievement and under-achievement of the Distribution Loss trajectory specified by the Commission shall be subject to provisions of Regulation 29. The Distribution Licensee shall provide a statement of this in the True-up.

43.8. Notwithstanding above, the Commission may also monitor the Aggregate Technical & Commercial (AT&C) Losses.

44. POWER PURCHASE, PROCUREMENT PROCESS AND COST

44.1. Long-term & Medium-term demand and energy forecasts, short term demand and energy forecasts, long-term & medium-term power procurement plans, short-term procurement plans and requirement of additional power shall be approved by the Commission in accordance with the PSERC (Framework for Resource Adequacy) Regulations, 2024, as amended from time to time.

44.2. The Commission shall also approve criteria for power purchase in long-term, medium-term and short-term, power purchase arrangements or agreements, and cost incurred in power purchase in accordance with the PSERC (Framework for Resource Adequacy) Regulations, 2024, as amended from time to time.

44.3. The Distribution Licensee shall furnish a firm proposal with regard to source-wise purchase of electricity from various renewable sources of energy including own generation from renewable sources, for complying with its 'Renewable Purchase Obligation' specified by the Commission in "Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its Compliance) Regulations, 2022, as amended from time to time.

44.4. All the prudent costs of power procurement, incurred by distribution licensee for ensuring 24x7 supply of electricity to consumers under the Electricity (Rights of Consumers) Rules, 2020 and for meeting requirements as per Resource Adequacy plan prepared by PSPCL in line with the provisions of the PSERC (Framework for Resource Adequacy) Regulations, 2024 shall be taken into account, provided that the procurement of power has been done in a transparent manner or procurement price has been approved by the Commission.

45. TRANSMISSION AND SLDC CHARGES

45.1. The transmission charges, wheeling charges and other charges payable by the Distribution Licensee for intra state transmission or wheeling of power purchased by it, shall be considered as determined by the Commission.

45.2. The inter-state transmission charges shall be considered as per the Regulations/Orders of the Central Electricity Regulatory Commission.

45.3. SLDC charges, as determined by the Commission, shall be considered as allowable expenses.

46. BAD AND DOUBTFUL DEBTS AND OTHER DEBITS

46.1. Bad and doubtful debts shall be allowed to the extent the Distribution Licensee has identified and actually written off bad debts, subject to a maximum of 1% of annual sales revenue excluding subsidy, and according to a transparent policy approved by the Commission. In case, there is any recovery of bad debts already written off, the recovered bad debts will be treated as Other Income.

46.2. Other debits including miscellaneous losses and write offs, sundry debts, material cost variance, losses on account of flood, cyclone, fire etc. shall be considered by the Commission.

47. FUEL AND POWER PURCHASE ADJUSTMENT SURCHARGE (FPPAS)

Any change in fuel cost, power purchase cost and transmission charges with reference to cost of supply approved by the Commission shall be calculated and billed to the consumers according to the FPPAS formula and in the manner as specified in the PSERC (Conduct of Business) Regulations, 2005 as amended from time to time.

48. CROSS–SUBSIDY

48.1. Cross-subsidy for a consumer category means the difference between the average realization per unit from that category and the average cost of supply per unit expressed in percentage terms as a proportion of the average cost of supply.

48.2. The Commission shall determine the tariff so that it progressively reflects the average cost of supply and the cross subsidy as defined above remains within ± 20% of the average cost of supply.

48A. SUBSIDY FROM STATE GOVERNMENT

Subsidy from State Government shall be in accordance with Regulation 53 of the PSERC (Conduct of Business) Regulations 2005, as amended from time to time.

49. MAINTENANCE AND OPERATION CHARGES PAYABLE TO STATE GOVERNMENT

The Commission shall allow the Maintenance and Operations Charges Payable to State Government on account of maintenance as well as charges for remaining capital works of RSD.

PART VII –PRINCIPLES FOR DETERMINATION OF TARIFF AND NORMS FOR OPERATION FOR TRANSMISSION BUSINESS AND SLDC BUSINESS

50. INTEREST ON WORKING CAPITAL

50.1. **Components of Working Capital**

The Working Capital shall cover the following:

(a) O&M Expenses for 1 month;

(b) Maintenance spares @ 15% of the O&M expenses;

(c) Receivables equivalent to 45 days of fixed cost calculated on normative target availability.

Provided also that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the trued-up figures of receivables. Operation & Maintenance expenses and other components of working capital approved by the Commission in the Truing-up;

For the purpose of Truing-up for each year, the variation between the normative interest on working capital computed at the time of Truing-up and the actual interest on working capital incurred by the Petitioner, substantiated by documentary evidence, shall be considered as 'excess normative' or 'deficit normative', as the case may be. The treatment of such excess and deficit shall be done in following manner:

(a) Excess Normative' shall be passed on to consumer over such period as may be specified in the Order of the Commission;

(b) 'Deficit Normative', if any, will be borne by the Petitioner."

50.2. **Rate of Interest**

The rate of interest on working capital shall be as per Regulation 24.1.

51. NORMS OF OPERATION

51.1. **Normative Annual Transmission System Availability Factor (NATAF)**

(a) For recovery of Annual Fixed Cost, NATAF shall be as 98.5% for AC system:

(b) For Incentive, NATAF shall be more than 99% for AC system:

Provided that no Incentive shall be payable for availability beyond 99.75%:

Provided further that for AC system, actual outage hours shall be considered for computation of availability upto two trippings per year. After two trippings in a year, for every tripping, additional 12 hours outage shall be considered in addition to the actual outage hours:

Provided also that in case of outage of a transmission element affecting evacuation of power from a generating station, outage hours shall be multiplied by a factor of 2.

51.2. **Auxiliary Energy Consumption**

The charges for auxiliary energy consumption in the sub-stations for the purpose of air-conditioning, lighting and consumption in other equipment shall be borne by the Transmission Licensee and will be included as part of the normative Administrative and General expenses.

52. INCOME FROM OPEN ACCESS CUSTOMERS

The charges payable by the Long Term, medium-term and short-term open access customers shall be as specified in PSERC Open Access Regulations, 2011 as amended from time to time.

53. TRANSMISSION LOSS

53.1. The energy losses in the transmission system of the Transmission Licensee, as determined by the State Load Despatch Centre and approved by the Commission, shall be borne by the Transmission System Users in proportion to their usage of the intra-State transmission system.

53.2. The Transmission Licensee shall file the Transmission Loss trajectory in the Business Plan commensurate with the Capital Investment Plan for transmission business. The Commission after verification and evaluation of the same shall fix the Transmission Loss trajectory for each year of the Control Period.

53.3. The Commission may stipulate a trajectory for Transmission Loss in accordance with Regulation 4.4(c) as part of the Multi-Year Tariff framework applicable to the Transmission Licensee:

Provided further that any variation between the actual level of Transmission Loss, as determined by the State Load Despatch Centre and the approved level, shall be subject to provisions of Regulation 29:

Provided further that any gain / loss sharing with the Transmission Licensee on account of over-achievement / under-achievement of the Transmission Loss trajectory specified by the Commission, shall be capped to the Return on Equity earned by the Transmission Licensee for the respective year.

54. RECOVERY OF ANNUAL FIXED CHARGES

54.1. Transmission Licensee shall recover full transmission charges at the Normative Annual Transmission System Availability Factor specified for it by the Commission.

54.2. **Computation and Payment of Transmission Charges**

Annual transmission charges shall be fully recoverable at the specified level of target availability from the long term customers. Payment of transmission charges below the specified target availability shall be on pro-rata basis. The charges for network usage shall be worked out on the basis of available transmission capacity and would reflect cost of capital investment and operation and maintenance expenses of the transmission system to transfer bulk power. The revenue from this component of transmission tariff will meet the annual revenue requirement of the transmission entity;

Transmission charges (inclusive of incentive) for a calendar month shall be calculated in accordance with the following formula:

a) For $TAFM_n <= 98.50\%$

$AFC \times (NDM_n/NDY) \times (TAFM_n/98.50\%)$

b) For $TAFM_n$: $98.50\% < TAFM_n <= 99.00\%$

$AFC \times (NDM_n/NDY) \times (1)$

c) For $TAFM_n$: $99.00\% < TAFM_n <= 99.75\%$

$AFC \times (NDM_n/NDY) \times (TAFM/99.00\%)$

d) For $TAFM_n > 99.75\%$

$AFC \times (NDM_n/NDY) \times (99.75\%/99.00\%)$

Where:

AFC means Annual Fixed Cost determined by the Commission for a Transmission Licensee (in Rupees);

NDM_n means number of days in the n^{th}month;

NDY means number of days in the year;

$TAFM_n$ means Transmission System availability factor for the n^{th}month (in percent), computed in accordance with CERC Regulations.

Note: Incentive mechanism for availability shall be applicable only when the Transmission Licensee submits detailed computation of the availability figures to the Commission duly certified by the SLDC and the Commission approves the same. The detailed computation will include all details of the input data, methods of recording the data (manual or through electronic modes), formulae used for computation and all other details required to establish the current level of availability:

Provided that the Commission may get the annual Transmission system availability factor verified from an independent third party agency, till SLDC becomes an independent entity.

54.3. **Recovery of SLDC Charges**

(a) The SLDC charges from the generating companies and sellers (which excludes short term open access customers) shall be collected in proportion to their installed capacity or contracted capacity, as the case may be, as on the last day of the month prior to billing of the month.

(b) The SLDC charges from the Distribution Licensees and buyers (which excludes short term open access customers) shall be collected in proportion to the sum of their allocations and contracted capacities, as the case may be, as on the last day of the month prior to billing of the month.

PART VIII - FILING OF BUSINESS PLAN / MULTI YEAR TARIFF/ TRUE UP/ AGGREGATE REVENUE REQUIREMENT

55. BUSINESS PLAN INCLUDING CAPITAL INVESTMENT PLAN FILING

The Petitioner shall file Business Plan including Capital Investment Plan as per the details specified in Regulation 9 for the Commission's approval on or before 05th September of the year preceding the first year of the Control Period.

56. TARIFF FILING

56.1. The Petitioner shall file a petition for approval of ARR & Tariff, for each year of the Control Period consistent with the business plan and the capital investment plan approved by the Commission. The ARR & Tariff filing shall be filed on or before 30th November of the year preceding the year of start of the Control Period. The petition shall contain all components of the ARR and tariff as specified in these Regulations:

Provided where the last day for ARR & tariff filing falls on a day on which the office of the Commission is closed and by reason thereof, the act cannot be done on that day, it may be done on the next following day on which the office is open.

56.2. The Petitioner shall publish the petition as mentioned in the Conduct of Business Regulations.

56.3. The petition shall also contain the revenue gap for various years of the Control Period and a tariff proposal for meeting the revenue gap for each year. In the absence of the tariff proposal, the petition shall be considered as incomplete and shall be liable for rejection.

56.4. The Distribution Licensee shall also provide a copy of tariff filing to the Transmission Licensee and vice-versa.

56.5. Notwithstanding anything contained in these Regulations, the Commission shall at all times have the authority, either suo-motu or on a petition filed by any interested or affected party, to determine the tariff, including terms and conditions thereof, of Distribution Licensee, Transmission Licensee or Generating Company:

Provided that such determination of tariff may be pursuant to an agreement or arrangement or otherwise, whether or not previously approved by the Commission and entered into at any time before or after the commencement of the Act.

57. TRUE UP AND AGGREGATE REVENUE REQUIREMENT FILING

The Petitioner shall file the True Up, ARR on or before 30th November in each year of the Control Period as per the details mentioned in Regulation 11 for the Commission's review and approval.

58. DISPOSAL OF PETITION

58.1. The Commission shall, within one hundred and twenty (120) days from the receipt of a complete petition and after considering all suggestions and objections received from the public:

(a) Issue a Tariff Order accepting the petition with such modifications or such conditions as may be contained in such Order; or

(b) Reject the petition for reasons to be recorded in writing if such petition is not in accordance with the provisions of the Act and the rules and Regulations made there under or the provisions of any other law for the time being in force.

58.2. The Petitioner shall publish the tariff approved by the Commission in English and local languages in daily newspapers having circulation in the area of licensee. The Petitioner shall also host the approved tariff/tariff schedule on its website and make available for sale, a booklet containing such tariff/tariff schedule/general conditions of tariff as the case may be, to any person upon payment of reasonable reproduction charges.

58.3. The tariff so published shall be in force from the date specified in the said order and shall, unless amended or revoked, continue to be in force for such period as may be stipulated therein.

59. SUMMARY OF TIMELINES

Description	**Filing of the Petition (on or before)**	**Obtaining additional information and acceptance by the Commission**	**Approval of the Document**
Business Plan including Capital Investment Plan (to be filed only at the beginning of Control Period)	05th September of the year preceding the first year of Control Period	Within 30 days of filing of Petition	Within 90 days of acceptance of the filing
Filing of MYT Petition (ARR and Tariff Proposal for the Control Period)	30th November of the year preceding the first year of Control Period	Within 30 days of filing of Petition	Within 120 days of acceptance of the filing
Aggregate Revenue Requirement/True-up	30th November of each year of the Control Period	Within 30 days of filing of Petition	Within 120 days of acceptance of the filing

PART IX - MISCELLANEOUS

60. SUPPLY OF INFORMATION AND DATA

The Petitioner shall submit information and data as per the formats separately issued by the Commission from time to time.

61. ISSUE OF ORDERS AND PRACTICE DIRECTIONS

Subject to the provision of the Act and these Regulations, the Commission may, from time to time, issue orders and practice directions in regard to the implementation of these Regulations and procedure to be

followed on various matters, which the Commission has been empowered by these Regulations to direct, and matters incidental or ancillary thereto.

62. POWERS TO REMOVE DIFFICULTIES

If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, by a general or special order, not being inconsistent with the provisions of these Regulations or the Act, do or undertake to do things or direct the Petitioner to do or undertake such things which appear to be necessary or expedient for the purpose of removing the difficulties.

63. POWER OF RELAXATION

The Commission may in public interest and for reasons to be recorded in writing, relax any of the provision of these Regulations.

64. POWER TO WAIVE

During the period, the licensee remains an integrated utility performing the functions of Generation & Distribution, the Commission may waive and/or relax any of the provisions of these Regulations in any manner if in the opinion of the Commission, it is impracticable or inexpedient to proceed as per these Regulations. In such a situation, after recording its reasons, the Commission may adopt any other approach which is reasonable and is consistent with the overall approach of these Regulations.

65. INTERPRETATION

If a question arises relating to the interpretation of any provision of these Regulations, the decision of the Commission shall be final.

66. SAVING OF INHERENT POWERS OF THE COMMISSION

Nothing contained in these Regulations shall limit or otherwise affect the inherent powers of the Commission from adopting a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of the matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these Regulations.

67. ENQUIRY AND INVESTIGATION

All enquiries, investigations and adjudications under these Regulations shall be done by the Commission through the proceedings in accordance with the provisions of the Conduct of Business Regulations.

68. POWER TO AMEND

The Commission, for reasons to be recorded in writing, may at any time, vary, alter or modify any of the provision of these Regulations through specific order.

By Order of the Commission

Sd/-

SECRETARY

Annexure "A"

SEGREGATION OF ARR OF WHEELING AND RETAIL SUPPLY BUSINESS

Particulars	**Wheeling Business (%)**	**Retail Supply Business (%)**
Power Purchase Expenses	0%	100%
Inter-State Transmission Charges	0%	100%
Intra-State Transmission Charges	0%	100%
Employee Expenses	40%	60%
Administration & General Expenses	50%	50%
Repair & Maintenance Expenses	90%	10%
Capital Cost	90%	10%
Depreciation	90%	10%
Interest on Long-term Loan Capital	90%	10%
Interest on working capital and on consumer security deposits	10%	90%
Bad Debts Written off	0%	100%
Income Tax	90%	10%
Non-Tariff Income	10%	90%
Income from Other Business	50%	50%

3483/8-2025/Pb. Govt. Press, S.A.S. Nagar